

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>MANISTEE COUNTY</b>	County <b>MANISTEE</b>
Audit Date <b>9/30/05</b>	Opinion Date <b>12/19/05</b>	Date Accountant Report Submitted to State: <b>3/31/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>WILSON, WARD CPA FIRM</b>			
Street Address <b>PO BOX 205</b>		City <b>INTERLOCHEN</b>	State <b>MI</b>
		ZIP <b>49643</b>	
Accountant Signature <i>Wilson Ward CPA Firm</i>			Date <i>3/31/06</i>

MANISTEE COUNTY  
MANISTEE, MICHIGAN

AUDIT REPORT

For the Year Ended  
September 30, 2005

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December 19, 2005

Mr. Thomas D. Kaminski  
County Administrator  
Manistee County  
Manistee, MI 49660

Dear Mr. Kaminski:

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Manistee County. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by Manistee County are listed in Note B. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by Manistee County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

### Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Manistee County that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The County Commission continues to do an excellent job of addressing the financial accountability within the County. The updates to GASB 34 and the change of fiscal year are examples of the forward thinking of the County

The following are comments on items noted during the audit with recommendations for correction:

COMMENT: The internal control over accounts receivable and cash is improved in the District Court. The resultant increased collections are a by product of this emphasis. This area continues to improve dramatically.

COMMENT: The internal control systems need to be constantly reviewed for compliance with policy and enforcement.

RECOMMENDATION: Establish an internal audit function to verify and aid in enforcement of existing controls.

COMMENT: GASB 45 will be put into effect this year.

RECOMMENDATION; The County needs to continue the efforts which are underway at the current time to determine the overall effect and what actions can be taken to minimize the impact.

Again, it is important to remember that this report is for information only and provided to management with the intent to improve management practices within Manistee County.

Sincerely,

A handwritten signature in black ink that reads "David E. Wilson CPA". The signature is fluid and cursive, with the letters "D", "E", and "W" being particularly prominent.

David E Wilson, CPA

MANISTEE COUNTY, MICHIGAN

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# FINANCIAL SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission  
Manistee County, Michigan

We have audited the general purpose financial statements of the Manistee County, Michigan as of and for the year ended September 30, 2005, and have issued our report thereon dated December 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Manistee County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Manistee County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Manistee County, Michigan, in a separate letter dated December 19, 2005.

This report is intended solely for the information and use of the management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, MI  
December 19, 2005

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Commissioners  
Manistee County  
Manistee, Michigan

Compliance

We have audited the compliance of Manistee County, Michigan, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2005. Manistee County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Manistee County, Michigan's management. Our responsibility is to express an opinion on Manistee County, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Manistee County, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Manistee County, Michigan's compliance with those requirements.

In our opinion, Manistee County, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of Manistee County, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Manistee County, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, Michigan  
December 19, 2005

# GENERAL PURPOSE FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

To the County Commission  
Manistee County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manistee County, Michigan as of and for the year September 30, 2005, which collectively comprise Manistee County, Michigan's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Manistee County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Manistee County, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Auditing Standards*, we have also issued our report dated December 02, 2005, on our consideration of the Manistee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manistee County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Wilson Ward CPA Firm*

Interlochen, MI  
December 19, 2005

## Management's Discussion and Analysis

As management of Manistee County, Michigan we offer the readers of the Manistee County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- The assets of Manistee County exceeded its liabilities at the close of fiscal year 2005 by \$5,809,158. Of this amount \$ 1,820,652 may be used to meet the government's ongoing obligations to citizens and creditors.
- At September 30, 2005 the County's governmental funds reported a combined fund balance of \$2,789,939.
- At September 30, 2005, unreserved fund balance for the general fund was \$417,382 or 4.8% of the general fund expenditures. This was no change in fund balance from the prior year.
- Total long term debt in the Governmental Activities decreased by \$190,000 from the prior fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety, and health. The business-type activities of the County include delinquent property tax collection, and Medical Care Facility.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Financial information for *component units* is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement on revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains many individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, central dispatch E911, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide

financial statements. The County uses enterprise funds to account for its information services contracts, assessing and mapping activities,, and delinquent taxes. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. The County uses internal service funds to account for its self insurance, mental health self insurance and motor pool activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

***Fiduciary funds (Trust and Agency).*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statement.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$5,809,158 at the close of the most recent fiscal year. A large portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Net Assets**

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets, net of related debt, is 56% of total net assets. An additional portion of the County's net assets (23%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grants, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted or unrestricted. The smallest portion of the County's net assets (33%) are unrestricted net assets. These net assets may be used to meet the government's ongoing obligations to citizens and creditors.

## **Governmental Activities**

Governmental Activities include:

- Legislative activities - Expenditures related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities - Expenditures related to the administration of Circuit, District, and Probate/Family Courts and Court Probation units.
- General government activities - Expenditures related to the support departments of the County such as Administration, Human Resources, Treasury, Information Services, Facilities Management, and Finance.
- Public safety - Expenditures related to the Sheriff's Administration and Road Patrol and County Corrections services.
- Health - Expenditures related to public health services such as immunization, solid waste, child care, Medical Examiner, and housing assistance programs.

## **Business Type Activities**

Business Type Activities include:

- Delinquent tax revolving fund - This fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes. Current policy is to maintain cash and investments to fund 100% of the prior year's delinquent tax settlement.
- 

## **Financial Analysis of the Government's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County *governmental fund statements* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. Unreserved fund balance represented 4.8% of annual government expenditures in 2005.

**Priority funds.** The County proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

## **General Fund Budgetary Highlights**

The General Fund Budget was amended throughout the year and was increased by \$245,909. Some of the main reasons for these budget changes are as follows:

- District Court revenues were increased by \$81,837 due to additional Civil Fines, Court Costs & Fines, and Ordinance Revenues.



- FOC revenues were amended based on the projections from Maximus for Incentive Revenue.
- Register of Deeds revenue was increased by \$20,000 for anticipated revenue from oil and gas leases, and real estate transfer tax fees.
- The Treasurers revenue was increased by \$77,000 for various reasons the largest of which was an increase in interest earned.
- The Sheriff revenue was increased by \$30,000 due to the fact that they received a Local Revenue Sharing Board Grant for equipment purchases.
- The 19<sup>th</sup> Circuit Court and the 85<sup>th</sup> District Court both cover Manistee and Benzie County. For the purpose of more continuity and the consolidation of payroll and benefits 2 employees of the Circuit Court, Juvenile Division, and 3 District Court employees from Benzie County became Manistee County employees effective September 1, 2005. This caused some increases in these two General Fund Departments but as they were only for one month of the fiscal year they were not significant.
- The Commissioner budget was increased \$13,000 due to additional Per Diem and Travel expenses.
- The Circuit Court budget was increased 11,000 for an additional transfer to the Law Library Fund to cover expenses.
- The Data Processing budget was increased by \$40,000 and the funds transferred to the Technology Fund for the purchase of a new Equipment and software in FY 2005/2006.
- The Building and Grounds budget was increased by \$131,998 to cover additional repair costs at the Jail(\$31,998) and to transfer \$100,000 to the Capital Improvement Fund to fund capital improvements in FY 2005/2006.
- The Fund Transfers budget was increased \$60,129 and the funds were transferred to the Budget Stabilization Fund. This is the first time Manistee County have been able to add to the Budget Stabilization Fund since 2002, and only the second time since 1996.

No significant budget variances existed between the budgeted amounts and the actual amounts.

### **Capital Asset and Debt Administration**

- **Capital assets** - a capital asset is an asset whose cost exceeds \$5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asst into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

We concluded construction on the Courthouse Renovation Project in 2002. The original budget for this project was 1.9 million dollars but with cost overruns and change orders, the

final cost was approximately 2.9 million. The project was done to provide better working conditions for the employees of Manistee County and foremost, to somewhat separate the governmental offices from the courts. This was done primarily for security measures, and to benefit the public that uses our facility.

- **Debt administration** - debt incurred in the course of constructing or acquiring a capital asset is recorded and paid for from a debt service fund.

The County has three general obligation bonds for their major capital projects this year. The first twenty-year bond issue took place in 1990 for the construction of a new Jail. The second bond issue took place in 1999 for 1.375 million dollars and was for the first phase of the Courthouse renovation. A third bond issue took place in 2000 for \$825,000 and was for phase two of the Courthouse renovation.

### **Economic Factors and Next Year's Budgets and Rates**

- The taxable value of commercial, residential, and personal property increased 6.98% in the 2005-2006 fiscal year.

Manistee County has enjoyed slow but steady economic growth during the last several years, despite the broader economic climate. We attribute much of our County's growth to its close proximity to the Michigan Lakeshore and the addition of a new casino. The County anticipates slow economic growth to continue throughout 2005 and even into 2006. Despite this good news, as with all counties in Michigan, Manistee County is being hit hard by State and Federal budget cuts. This combined with expenses rising at a rate faster than revenue, our 2006 budget projections reflect an anticipated operating deficit depending on several factors such as the rising cost of health insurance for county employees. However, the County is currently taking measures to contain this cost.

### **Requests for Information**

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Budget and Finance Department, Manistee County, Michigan, 415 Third Street, Manistee, MI 49660. Additional information can be found at our website at [www.manisteecounty.net](http://www.manisteecounty.net)

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Manistee County  
Government Wide  
Statement of Net Assets  
September 30, 2005

	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$2,737,176	\$261,618	\$2,998,794	\$688,103
Investments		1,134,069	1,134,069	230,324
Receivables (net)	982,754	908,953	1,891,707	613,022
Internal balances	280,752	237,667	518,419	209,361
Inventories		39,617	39,617	351,775
Capital Assets, net	5,754,335	2,631,526	8,385,861	22,085,943
Total Assets	9,755,017	5,213,450	14,968,467	24,178,528
<b>LIABILITIES</b>				
Accounts payable	252,694	366,720	619,414	
Deferred revenue	631,170		631,170	
Other Current Liabilities	358,517	316,346	674,863	592,139
Current Portion of LTD	190,000		190,000	
Noncurrent liabilities				
Accrued Compensated Absences	276,078	794,472	1,070,550	
Due in more than one year	2,237,400		2,237,400	4,727,239
Total Liabilities	3,945,859	1,477,538	5,423,397	5,319,378
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,326,935	1,372,326	4,699,261	20,321,057
Restricted for:				
Capital projects	661,571	1,293,457	1,955,028	0
By Donors		58,859	58,859	0
Debt Service			0	
Other				
Unrestricted (deficit)	1,820,652	1,011,270	2,831,922	(1,461,907)
Total Net Assets	5,809,158	3,735,912	9,545,070	18,859,150
Total Liabilities and Net Assets	\$9,755,017	\$5,213,450	\$14,968,467	\$24,178,528

The footnotes are an integral part of these Financial Statements.

Manistee County  
Government Wide  
Statement of Activities  
For Year Ended September 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		Component Units
			Grants and Contributions	Contributions		Governmental Activities	Business-type Activities	
Primary Government								
Governmental activities:								
General Government	\$5,808,431	\$1,420,924	\$43,747			(\$4,343,760)		(\$4,343,760)
Public Safety	6,106,055		1,928,566			(4,177,489)		(4,177,489)
Public Works						0		0
Health and Recreation	1,030,904					(1,030,904)		(1,030,904)
Community and Economic Development	12,750					0		0
Recreation and Culture	145,000					(12,750)		(12,750)
Payment on Debt						(145,000)		(145,000)
Total Government Activities	13,103,140	1,420,924	1,972,313	0	0	(9,709,903)	0	(9,709,903)
Business Type Activities								
Medical Care Facility	8,055,858	7,542,927	0	0	0	(512,931)		(512,931)
Total Primary Government	21,158,998	8,963,851	1,972,313	0	0	(512,931)		(10,222,834)
Component Units								
Library	0	0	0	0	0	0		0
Road Commission	6,283,775	0	5,029,675	0	0			(1,254,100)
Total Component Units	6,283,775	0	5,029,675	0	0	0		(1,254,100)
General revenues:								
Taxes								
Property Taxes-General						6,397,257	157,873	6,555,130
Property Taxes-Debt Service								
State-Shared Revenues						0	358,692	358,692
Unrestricted Investment Earnings						108,101	(27,098)	81,003
Franchise taxes								276,207
Miscellaneous						2,187,007	185,093	2,372,100
Transfers						1,197,075		565,629
Total General Revenues-Special Items and Transfers						9,889,440	674,560	10,564,000
Changes in Net Assets						179,537	161,629	341,166
Net Assets - Beginning						5,629,621	3,574,283	9,203,904
Net Assets - Ending						\$5,809,158	\$3,735,912	\$9,545,070
								\$18,859,150

The footnotes are an integral part of these Financial Statements.

Manistee County  
Governmental Fund Balance Sheet  
Year Ended September 30, 2005

	General Fund	911 Central Dispatch	Non Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$464,584	\$705,877	\$1,566,715	\$2,737,176
Receivables:				
Taxes - Current	0		0	0
Taxes - Delinquent	5,298		0	5,298
Accounts Receivable	538,620		438,836	977,456
Due From Other Funds	31,638		0	31,638
Prepaid Expenses	60,619		0	60,619
Other Assets	62,057		158,076	220,133
Property, Plant & Equipment (Net)	0		0	0
Amount to be Provided for:				
Compensated Absences	0	0	0	0
Retirement of Long-term Debt	0		0	0
<b>TOTAL ASSETS</b>	<b>1,162,816</b>	<b>705,877</b>	<b>2,163,627</b>	<b>4,032,320</b>
<b>LIABILITIES</b>				
Due to State	0		0	0
Other Trust Items Payable	0		0	0
Deferred Revenue	557,450		73,720	631,170
Compensated Absences	0	0	0	0
Notes Payable	0		0	0
General Obligation Bonds Payable	0		0	0
Accounts Payable	86,638	15,284	150,772	252,694
Other Liabilities	101,346		257,171	358,517
Maintenance of Effort	0		0	0
Due to Other Funds	0		0	0
Due to Other Govt. Units	0		0	0
<b>TOTAL LIABILITIES</b>	<b>745,434</b>	<b>15,284</b>	<b>481,663</b>	<b>1,242,381</b>
<b>FUND EQUITY</b>				
Contributed Capital	0			
Investment in Fixed Assets	0			
Fund Balance				
Reserved	557,450		104,121	661,571
Unreserved	(140,068)	690,593	1,577,843	2,128,368
<b>TOTAL FUND EQUITY</b>	<b>417,382</b>	<b>690,593</b>	<b>1,681,964</b>	<b>2,789,939</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$1,162,816</b>	<b>\$705,877</b>	<b>\$2,163,627</b>	<b>\$4,032,320</b>

The footnotes are an integral part of these Financial Statements.

Manistee County  
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance  
Year Ended September 30, 2005

	General Fund	911 Central Dispatch	Non Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes & Penalties	\$4,754,341	\$683,834	\$959,082	\$6,397,257
Licenses & Permits	699	0	0	699
Contracts and Grants	0	0	0	0
Federal Grants	507,025	0	109,193	616,218
State Grants	943,495	0	681,446	1,624,941
Local Contributions	231,361	0	138,188	369,549
Charges for Service	1,420,924	0	0	1,420,924
Fines & Forfeits	0	0	348,782	348,782
Interest and Rentals	83,465	10,652	13,984	108,101
Other Revenue	388,083	75,743	735,305	1,199,131
Total Revenues	8,329,393	770,229	2,985,980	12,085,602
<b>EXPENDITURES</b>				
Current				
Legislative	86,496	0	0	86,496
Judicial	2,266,456	0	23,394	2,289,850
General Government	2,796,307	0	0	2,796,307
Public Safety	2,365,184	848,936	2,891,935	6,106,055
Health and Welfare	805,613	0	225,291	1,030,904
Public Works	0	0	0	0
Cultural and Recreation	12,750	0	0	12,750
Other	325,401	0	188,773	514,174
Payment on Debt	0	45,000	100,000	145,000
Total Expenditures	8,658,207	893,936	3,429,393	12,981,536
Excess (Deficiency) of Revenues over Expenditures	(328,814)	(123,707)	(443,413)	(895,934)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Debt	0	0	0	0
Operating Transfers In	375,053	0	839,790	1,214,843
Operating Transfers Out	0	0	(17,768)	(17,768)
Sale of Assets	0	0	0	0
Total Other Financing Sources (Uses)	375,053	0	822,022	1,197,075
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	46,239	(123,707)	378,609	301,141
Fund Balance, October 1	371,143	814,300	1,303,355	2,488,798
Prior Period Audit Adjustment	0	0	0	0
Fund Balance, September 30	\$417,382	\$690,593	\$1,681,964	\$2,789,939

The footnotes are an integral part of these Financial Statements.

Manistee County  
Reconciliation Report - GASB 34  
Year Ended September 30, 2005

Fund Balances on the Balance Sheet on Government Balance Sheet  
to Net assets of Governmental Activities on the Statement of Net Assets

Fund Balances on the Balance Sheet	2,789,939
Increase in Assets not booked in Government Balance Sheet	5,754,335
Decrease in Long Term Debt	(190,000)
Compensated Absences All Recorded	(276,078)
Long Term Debt Recorded	<u>(2,237,400)</u>
Total Net Assets	5,809,158

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities

Excess(Deficiency) of Revenues	301,141
Capital Outlays in Governmental added to Assets in Statement of Activities	0
Repayment of Bond Principal is an expenditure in the government funds where it is as reduction in Long Term Debt	190,000
Depreciation is recorded in the Statement of Activities with the offset to accumulated depreciation in the Net Assets.	(282,189)
Increases in compensated absences are recorded when earned in the Statement of Activities	<u>(29,415)</u>
Total Changes in Statement of Activities	179,537

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2005**

ASSETS	Trust & Agency Fund	District Court Fund	Total
Cash	\$3,524,732	\$130,740	\$3,655,472
Cash and Investments Little River	1,590,151	0	1,590,151
Due From Other Funds	0	0	0
Total Assets	<u>5,114,884</u>	<u>130,740</u>	<u>5,245,624</u>
LIABILITITES			
Trust Payables	5,114,884	130,740	5,245,624
Due to Other Units	0	0	0
Total Liabilities	<u>\$5,114,884</u>	<u>\$130,740</u>	<u>\$5,245,624</u>

The footnotes are an integral part of these Financial Statements.



**MANISTEE COUNTY, MICHIGAN**

## Statement of Net Assets

## Component Units

September 30, 2005

	Road Commission 09/30/05	Total Component Units 09/30/05
<b>ASSETS</b>		
Current		
Cash and Investments	\$688,103	\$688,103
Investments	230,324	230,324
Accounts Receivable	613,022	613,022
Property Taxes Receivable	0	0
Inventories	351,775	351,775
Due From Other Funds	0	0
Prepaid Expenses	209,361	209,361
Deferred Compensation Plan Assets	0	0
Other Assets	0	0
Construction in Progress		0
Property, Plant & Equipment (Net)	0	0
Compensated Absences	0	0
Non-Current		
Capital Assets	41,811,938	41,811,938
Accumulated Depreciation	(19,725,995)	(19,725,995)
Total Assets	<u>24,178,528</u>	<u>24,178,528</u>
<b>LIABILITIES</b>		
Liabilities		
Current Liabilities	592,139	592,139
Non-Current	<u>4,727,239</u>	<u>4,727,239</u>
Total Liabilities	<u>5,319,378</u>	<u>5,319,378</u>
<b>NETS ASSETS</b>		
Invested in Capital Assets-- Net of Related Debt	20,321,057	20,321,057
Restricted for		0
Contributed Capital	0	0
Unreserved		0
TES Litigation	0	0
Short Term Disability	0	0
Sick Leave	0	0
Gifts and Bequests	0	0
Unrestricted	<u>(1,461,907)</u>	<u>(1,461,907)</u>
Total Net Assets	<u>\$18,859,150</u>	<u>\$18,859,150</u>

The footnotes are an integral part of these Financial Statements.

**WASHTENAW COUNTY, MICHIGAN**  
Statement of Activities-- Component Units  
September 30, 2005

Functions/Programs	Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Library	Road Commission
<b>Library</b>						
General Government					\$0	\$0
Public Safety					0	0
Public Works					0	0
Health and Welfare					0	0
Culture and Recreation	0	0	0		0	0
Interest on Long Term Debt	0				0	0
Depreciation	0				0	0
Total Library	0	0	0	0	0	0
<b>Road Commission</b>						
Public Works	6,283,775	0	5,029,675	0		(1,254,100)
Total Component Units	\$6,283,775	\$0	\$5,029,675	\$0	\$0	(\$1,254,100)
						(\$1,161,342)
<b>General Revenues</b>						
Property Tax					0	0
Charges For Services					0	0
Grants and Contributions					0	0
Unrestricted Interest and Investments Earnings					0	276,207
Penal fines					0	0
Other					0	565,629
Gains on Sale of Capital assets					0	0
Total General Revenues					0	841,836
Change in Net Assets					0	(412,264)
Net Assets-- Beginning					0	19,271,414
Net Assets-- Ending					\$0	\$18,859,150

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
September 30, 2005

	Road Commission 09/30/05	Total 09/30/05
<b>ASSETS</b>		
Cash and Investments	\$688,103	\$688,103
Investments	230,324	230,324
Accounts Receivable	613,022	613,022
Property Taxes Receivable		
Inventories	351,775	351,775
Due From Other Funds		0
Prepaid Expenses	209,361	209,361
Deferred Compensation Plan Assets		
Other Assets		
Construction in Progress		
Property, Plant & Equipment (Net)		
Compensated Absences	0	0
Total Assets	<u>2,092,585</u>	<u>2,092,585</u>
<b>LIABILITIES &amp; FUND BALANCE</b>		
Liabilities		
Current Liabilities	592,139	592,139
Accrued Expenses	0	0
Total Liabilities	<u>592,139</u>	<u>592,139</u>
Fund Balance		
Contributed Capital	260,007	260,007
Capital Projects		
TES Litigation		
Short Term Disability		
Sick Leave		
Gifts and Bequests		
Unreserved	1,240,439	1,240,439
Total Fund Balance	<u>1,500,446</u>	<u>1,500,446</u>
Total Liabilities and Fund Balance	<u>\$2,092,585</u>	<u>\$2,092,585</u>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
September 30, 2005

	Road Commission 09/30/05	Total 09/30/05
Revenues:		
Contracts and Grants	\$0	\$0
Property Tax		
Penal Fines		
State Grants	5,029,675	5,029,675
Federal Grants	0	0
Charges For Services		0
Local Contributions	276,207	276,207
Interest And Rental		0
Other Revenues	565,629	565,629
Insurance Proceeds	0	0
Total Revenues	<u>5,871,511</u>	<u>5,871,511</u>
Expenditures:		
Public Works	9,078,815	9,078,815
Capital Outlay	0	0
Public Services		0
Depreciation	0	0
Total Expenditures/Expenses	<u>9,078,815</u>	<u>9,078,815</u>
Excess (Deficiency) of Revenue Over Expenditures	(3,207,304)	(3,207,304)
Fund Balance/Retained Earnings-Beg	4,707,750	4,707,750
Prior Period Adj		0
Fund Balance/Retained Earnings	<u>\$1,500,446</u>	<u>\$1,500,446</u>

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY  
MANISTEE COUNTY, MICHIGAN  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
September 30, 2005

A. REPORTING ENTITY

The County Board of Commissioners, a seven member group, is the level of government which has governance responsibilities over all activities related to the county government jurisdiction of Manistee County. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" since board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Manistee County (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes:

- a) oversight responsibility
- b) fiscal dependency
- c) whether the financial statements would be misleading if data were included.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The method of reporting financial data of component units in a column separate from the financial data of the primary government is referred to as discrete presentation.

The component unit should be included in the reporting entity financial statements using the blending method in either of the following circumstances: a) The component unit's governing body has a majority from the primary unit and b) the component unit provides services entirely, or almost entirely to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The activities have been measured by the standards listed above with the following units being reported as component units with condensed financial statements for those which are discreetly presented.

BLENDING COMPONENT UNITS

Medical Care Facility

This is a component unit of government of the County and has been included as such. This unit of government is controlled by an independent board which includes two county appointees and one state appointee. No money, other than MOE, is derived from the County and the majority comes from billings and fees paid by State and local agencies. The Medical Care Facility board cannot borrow money or levy taxes without the approval of the County. The information is taken from the year ending September 30, 2005 audited financial statements audited by other auditors which can be seen at the Manistee County Treasurer's Office.

#### Manistee Area 9-1-1/Central Dispatch

This is a component unit of government of the County and has been included as a blended presentation. This unit serves multiple government and private agencies while deriving no financial support directly from other agencies. The reasons for the blended presentation is that while this unit is neither economically dependent nor is it exclusively used by County government, it provides a service which would otherwise be required by the primary government. The unit can neither levy a tax or borrow funds without County approval. The information is taken from the September 30, 2005 year end audited financial statements and can be seen at the Manistee County Treasurer's Office.

#### Manistee County Building Authority

This is a component unit of government of the County and has been included here as such. However, all expenses to include interest and principal are costs to the County per se and as such are not reported a second time. Therefore, the only reportable amounts which concern this unit are transfers in and out which are negated when the units are combined. See also notes on Long Term Debt.

#### Manistee/Blacker Airport Authority

The County was a member of a joint venture in the Manistee/Blacker Airport Authority. This is, however, an independent authority which is supported through fees and rents as well as support from Manistee County. During the year ended September 30, 2005 it was determined that in accordance with the criteria established by the County, the Airport authority shall be financially presented as a blended component unit.

The number of governmental units participating in the authority is not limited, but rather is set up under Act 206 of the Public Acts of 1957. No control is exercised by the County over the Airport Authority. Each governmental unit appoints two members with three additional members coming at large. The Advisory Board is responsible for adopting an annual budget.

#### Manistee County Library

The Library is a component unit of County government. It is governed by a five member board. The Library prepares its financial statements using the economic resources measurement focus and on the modified accrual basis of accounting. The information is taken from the September 30, 2005 year end audited financial statements audited by other auditors which can be seen at the Manistee County Treasurer's Office.

#### Condensed Balance Sheet

Assets	\$ 442,979
Total Assets	<u>\$ 442,979</u>
Liabilities	\$ 295,660
Fund Balance	<u>\$ 147,319</u>
Total Liabilities and Fund Balance	<u>\$ 442,979</u>

#### Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	\$ 1,324,151
Current Expenditures	<u>\$ 1,342,931</u>
Loss	<u>\$ 18,780</u>

## DISCRETELY PRESENTED COMPONENT UNITS

### Manistee County Road Commission

The County Road Commission, which is established pursuant to county road law (MCL 224.1), is governed by an appointed three member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without approval of the County Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the County, as approved by the county electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund. The information is taken from the September 30, 2005 year end audited financial statements which can be seen at the Manistee County Treasurer's Office.

#### Condensed Balance Sheet

Assets	\$5,827,663
Property Plant & Equipment (Net)	<u>19,431,556</u>
Total Assets	\$25,259,219
Current Liabilities	\$ 1,119,916
Bonds and Other Long Term Liabilities	4,867,889
Net Assets	<u>19,271,414</u>
Total Liabilities and Net Assets	\$25,259,219

#### Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	\$ 6,388,648
Current Expenditures	<u>7,265,583</u>
Excess Revenue	<u>\$ (876,935)</u>

### Manistee County Transportation, Inc.

This entity is set up as and operated as an independent not-for-profit corporation, incorporated in the State of Michigan. In addition, there is a total separation of fiscal control and/or responsibility by Manistee County and the Governing board operates as an independent entity. The services provided do not fit into the category of "exclusively" used by the primary government. This entity is therefore being excluded based on the above.

## B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

#### Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days to the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

#### Medical Care Facility

The accounting policies of the Facility conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Because the Facility provides a service to citizens that is financed primarily by user charges, the accounts of the Facility are accounted for as an Enterprise Fund.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after



November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The Medical Care Facility audit report, prepared by other auditors, was presented in accordance with GASB 34.

#### Manistee County

The governmental fund accounting policies of Manistee County Board conform to generally accepted accounting principles and include the following fund types:

1. Government Fund Types use modified accrual basis and include -

The *General Funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *Special Revenue Funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The *Debt Service Funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest recorded in the General Long-Term Debt Account Group.

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the County is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the County.

3. Proprietary fund types include -

The *Enterprise Funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *Internal Service Funds* account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis. The tax revolving fund contains those fund balances designated for specific use by the Board in accordance with resolutions passed during the years.

## Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

## Investments.

The County uses the Fair Market Value valuation for all investments. Any adjustments to the value of the investments not related to cash differences but rather to a subsequent valuation change during the current year was entered as unrecognized gain or loss.

## Budgeting and Fund Deficit

Prior to September 30th, the board adopts a proposed general fund operating budget for the twelve months beginning October 1<sup>st</sup>. The budget includes proposed expenditures and the means of financing them. Budgets are adopted on a activity basis, although line item data is provided in the accounts for more effective management control. Amendments to the general fund budget are made as necessary and are properly approved by the board.

## C. INVESTMENTS

Act 217, PA 1982, as amended authorizes the County to deposit and invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
  - i) The purchase of securities on a when-issued or delayed delivery basis.
  - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.
- j) The investment pools organized under the local government investment pool act, 1985 PA 121.

#### D. CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Primary Government

For purposes of this presentation, management has determined that cash equivalents consist of those items which will become cash within 90 days of the statement date. The primary government cash does not include Manistee Blacker Airport, Manistee Library or 911. Investments are all in Certificates of Deposit and short term government bonds. Investments of the County are valued at the lower of cost or market at the balance sheet date. All deposits are held in the name of the County. The relative risk of these items of cash are:

	Carrying Value
Insured	\$ 200,000
Uninsured	<u>1,373,664</u>
Total Cash	\$1,573,664

Deposits are carried at cost. Deposits are in three financial institutions in the name of the County Treasurer.

There is \$1,717,102 invested in Certificates of Deposit. Fair Market value is approximately the same as face value.

There is a bearer bond recorded with a cost of \$82,068 and a fair market value as of \$1,107,500 as of September 30, 2005.

The Government Investment Pool Funds for the primary government are with Huntington Bank and Security National Bank. The nature of the mutual funds, bond funds, and investment pools does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

##### **Cash and Cash Equivalents**

The balance of the cash is in sweep accounts which are the same as checking.

##### Medical Care Facility

The Medical Care Facility's deposits and investments are composed of the following:

	Current Assets	Assets Limited as to Use	Total
September 30, 2005:			
Cash:	\$261,618	\$1,134,069	\$1,395,689

- (1) Cash - County - These funds are under the control of the County Treasurer, who deposits these funds with a bank. It is impractical to determine the amount covered by federal depository insurance as these funds are only a portion of the entire County deposits. However, all available insurance has been taken by the County and none remains.

- (2) Assets Limited as to Use - This cash is limited to the following uses:

For future capital purchases	\$ 890,448
For funded compensated absences	154,362
By donors for various restricted future expenditures	<u>89,256</u>
Total	<u>\$ 1,134,069</u>

### 911/Central Dispatch

911/Central Dispatch Cash Investments September 30, 2005.

Insured	\$	Per Bank 200,000	Carrying Value \$ 200,000
Uninsured		<u>505,877</u>	<u>535,161</u>
Total		705,877	735,161

### Manistee Blacker Airport

Cash Insured	\$ 39,521	\$ 39,521
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### Manistee County Library

At year end, the carrying amount of the Library's deposits, including certificates of deposit of \$76,147, were \$417,564 and the bank balance was \$431,538 of which \$286,134 was covered by federal depository insurance and \$145,404 was uninsured and uncollateralized. The Library has \$550 in petty cash on hand.

### Manistee County Road Commission

The Road Commission's deposits and investments at September 30, 2005 are included on the balance sheet under the following classifications:

	Carrying Value	Per Bank
Checking, Savings, CD	\$315,727	\$581,662
Investments	963	963
Petty Cash	<u>100</u>	<u>0</u>
Total	\$316,790	\$582,625

#### Deposits

At September 30, 2004, the book value of the Road Commission's deposits was \$316,790 with a corresponding bank balance of \$582,625. Qualifying deposits are insured by Federal Deposit Insurance Corporation up to \$100,000. Of the bank's balance, approximately \$300,000 is insured (credit risk category #1) and the remaining \$282,625 is uninsured and uncollateralized (credit risk category #2)

The County Road commission's deposits are in accordance with statutory authority.

Investments are categorized in these three categories of risk:

Category 1 - Insured and registered, or securities held by the Road Commission or its agent in the Road Commissions name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Road Commission's name.

Category 3 - uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Road Commission's name

Investment not subject to categorization:

Public Funds Investment Trust	
Carrying and Fair Value	\$ 668
National City Bank - Business Indexed Investment Account	
Carrying and Fair Value	<u>295</u>
Total Investments	\$ 963

#### E. ACCOUNTS RECEIVABLE

The Medical Care Facility has accounts receivable as follows:

Patient accounts receivable, net	\$ 890,486
Accounts receivable - other	18,467
Total accounts receivable	<u>\$ 646,297</u>

The capital improvement fund contains a Note Receivable from the Library in the amount of \$69,000. This note is pursuant to an agreement dated September 9, 2004 which is for a maximum amount not to exceed \$125,000. The agreement stipulates that the rate of interest is 4.0%. The first payment is to be made on March 1, 2006 and includes 10% of the amount owed plus interest accrued to date.

#### F. PROPERTY TAXES

The County property tax is levied on each December 1<sup>st</sup> on the taxable value of property located in Manistee County as of the preceding December 31<sup>st</sup>.

Although Manistee County's ad valorem tax is levied and collectible on December 1, property tax revenues are considered available when they become due or past due and receivable within the current period. The State Equalized Value (SEV) and taxable values are \$1,292,646,585 and \$838,769,961 respectively. The millage for the current year is:

County operating	5.1303
County Library	1.0000
Medical Care	.4888
911	.9873
Jail bond	.1350

These amounts are recognized in the respective General Fund and special revenue funds. Property tax revenues are recognized in the subsequent year when budgeted, therefor the receivable is offset by deferred revenue.

#### G. EMPLOYEE'S DEFERRED COMPENSATION PLAN

The County and the Road Commission offers it's employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency.

Effective January 1, 1997, the County adopted Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement requires plans that have established a qualified third party trust for their plan to remove the plan assets and related liability from the balance sheet of the County since the plan assets would no longer be subject to the general creditors of the County. Manistee County maintains no trust involvement in these plans.

#### H. RETIREMENT SYSTEM - MERS OPERATED

Manistee County employees including those component units consisting of the Library and the Medical Care Facility, are covered under the Manistee County retirement program.

##### Plan Description

Manistee County participates in the Michigan Municipal Employees Retirement System (MERS), a public employer and employee retirement system organized pursuant to Section 12a of Act No 156, Public Acts of 1951, (MSA 5.333(a); MCLA 46, 12a), as amended, State of Michigan. Substantially all employees are covered by the MERS retirement system. There is no mandatory retirement.

The Manistee County Pension Plan which is a multiple employer defined benefit pension plan that covers all full-time and part-time employees of the County who have completed six months of service and elect to receive coverage. The plan provides retirement benefits, as well as death and disability benefits, to plan members and their beneficiaries. At December 31, 2004 the date of the most recent actuarial valuation, membership consisted of 108 retirees and beneficiaries currently receiving benefits and 47 terminated employees entitled to benefits but not yet receiving them, and 287 current active employees. The plan does not issue a separate financial report specifically for each Facility.

All Required Contributions were made

The cost and market value of the retirement fund investment for the total MERS system at December 31, 2004 are disclosed in the annual financial statements of the Michigan Municipal Employees' Retirement System. Although an actuarial study is performed annually for Manistee County, the actuarial report does not break out all required facility data necessary for proper disclosure. All disclosures required by Governmental Accounting Standards Board Statement No. 5 with respect to pension data have not been included in these financial statements

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and the unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funded status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll provides an approximate adjustment for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

#### Manistee County Road Commission Employees' Retirement System

Manistee County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee's retirement System (MERS). The plan covers substantially all full time employees. The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing the MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County Road union and administrative employees are eligible to participate in the system. Benefits vest after ten years of service. Employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation. Effective July 1, 1999 the plan was changed to MERS F55 so that employees with at least 30 years of service and are age 55 can retire with full benefits. The system also provides death and disability benefits which are established by State Statute.

Participating County Road employees are not required to contribute to the system. The County Road commission is required to contribute the amount necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute. At December 31, 2004 the date of the most recent actuarial valuation, membership consisted of 26 retirees and beneficiaries currently receiving

benefits and 4 terminated employees entitled to benefits but not yet receiving them, and 44 current active employees.

Actuarial Accrued Liability - the actuarial liability was determined as part of an actuarial valuation of the plan as of December 31, 2004. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2004 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

#### GASB 25 Information as of 12/31/04

##### Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 4,906,538
Terminated employees not yet receiving benefits	\$316,107

##### Current employees:

Accumulated employee contributions	
Including allocated investment income	0
Employer financed	<u>3,954,545</u>
Total Actuarial accrued liability	<u>8,915,083</u>

Net Assets Available for Benefits, at actuarial value (Market value is \$3,398,189)	<u>3,855,814</u>
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Unfunded (over funded) actuarial accrued liability	<u>\$ 5,059,269</u>
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#### GASB 27 Information as of 12/31/04

Fiscal year beginning	January 1, 2005
Annual required contribution (ARC)	\$ 362,016
Amortization factor used	0.053632

#### Contributions Required and Contributions Made:

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for fiscal year ended December 31, 2004 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

#### Three Year end Information for FASB Statement No.27

Year Ended Dec 31	Annual Pension Cost of (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/02	\$ 186,226	100%	\$ -0-
09/30/03	\$ 351,750	100%	\$ -0-
09/30/04	\$ 265,876	100%	\$ -0-
09/30/05	\$ 408,344	100%	\$ -0-

Required Supplementary Information for GASB Statement No.27

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/01	\$3,465,264	\$6,953,429	\$3,448,165	50%	\$1,563,330	223%
12/31/02	\$3,454,256	\$7,396,448	\$3,942,256	53%	\$1,528,920	258%
12/31/03	\$3,721,561	\$7,989,189	\$4,267,628	47%	\$1,526,988	279%
12/31/04	\$3,855,814	\$8,915,083	\$5,059,269	43%	\$1,595,479	317%

I. LONG TERM DEBT

Bonds and notes payable at September 30, 2005 are composed of the following individual issues:

Installment Purchase Contract:

Original amount \$542,400

Final maturity: Oct. 1, 2007

Interest rate: 5.43%

09/30/05

	Date	Principal	Interest
Jail Bond	2006	70,000	7.625% less credit
	2007	72,400	"
	Balance Due		\$142,400

General Obligation Debt

Jail Bond dated 1987

Original Amount: \$1,100,000

Annual Installments: \$25,000 to \$95,000

Final Maturity: May 1, 2007

Interest Rate: 4.400% to 7.625%

2006	55,000	\$55,000
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Building Authority Bonds

Series 1999

Original amount \$1,375,000

Annual principal installments \$25,000 to \$105,000

Final maturity 2024

Interest rate 5.25% to 6.00%

\$1,280,000

2006	45000	70,973
2007	45000	68,600
2008	50000	66,085
2009	50000	63,433
2010	50000	60,783
Next five years	280000	260,955
Next five years	365000	171,489
Next five years	395000	48,377



Series 2000

Original amount \$825,000

Annual principal installments \$20,000 to \$65,000

Final maturity 2024

Interest rate 5.25% to 5.90%

\$780,000

2006	25000	43,051
2007	25000	41,739
2008	30000	40,295
2009	30000	38,713
2010	30000	37,123
Next five years	185000	157,736
Next five years	230000	100,571
Next five years	225000	27,832

General Obligation Debt

Road Commission Bond

The information concerning this debt is maintained in the Manistee County Road Commission. While the debt rests with Manistee County, it is financed through the State Income paid to the Road Commission. At any time the debt service fund is not fully paid, the amounts will be withdrawn from the State monies to insure the debt is paid.

911 Long Term Debt

The Manistee County 9-1-1/Central Dispatch has two long term debt notes payable to the County of Manistee. The funds were used to built the new Central Dispatch addition. An agreement was entered between Manistee County 9-1-1/Central Dispatch and the County of Manistee where the 9-1-1 will make annual installments on notes whose original value was \$450,000.

The data for the long term debt is as follows:

Creditor	County of Manistee
Amount	\$450,000 (\$337,282 on 6/1/98 and \$112,718 on 7/23/98)
Interest Rate	5.43%
Term:	10 Years

The remaining principal and interest payments are as follows:

Year	Principal	Interest
2006	\$45,000	\$ 7,331
2007	\$45,000	\$ 4,887

	Interest Rate	Principal Matures	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
Gen Ob Debt 1987	various	05/01/07	220,000	(55,000)	165,000	55,000
Inst Purch Cont	5.43	10/01/07	280,000	(45,000)	235,000	45,000
Building 1999	various	2024	1,235,000	(25,000)	1,210,000	25,000
Building 2000	various	2024	<u>755,000</u>	<u>(20,000)</u>	<u>735,000</u>	<u>20,000</u>
Total Govmntl Activities			2,490,000	(145,000)	2,345,000	145,000
911/Central Dispatch	5.43	2007	270,000	(45,000)	225,000	45,000

### Manistee County Road Commission

The Following is a summary of the long-term debt transactions for the Road Commission for the year ended September 30, 2004

	MDOT SIB Loan	Accumulated Sick Leave & Vacation	Total
Long-Term debt at October 1, 2004	\$356,276	\$104,290	\$460,566
Adjustments to recognize change in Accumulated sick leave and vacation At September 30, 2005	0	36,363	36,363
Debt Retired during current year	(119,037 )	0	(119,037)
Long Term Debt at 09/30/05	\$237,239	140,653	\$377,892

During 1999 the Manistee County Road Commission entered into a general loan contract with MDOT and received loan proceeds of \$800,000 in the form of a State Infrastructure Bank Loan (SIB). The funds had to be used for a pre-approved purpose namely work Coates Highway in Manistee County. Repayment requirements consist of an annual payment of \$133,288, which includes interest at an annual rate of 4%. The final payment is due 2006.

#### Debt Service Requirements:

	2005	2006	Total
Principal	\$123,798	\$113,441	\$237,239
Interest	9,490	4,538	14,028
	\$133,288	\$117,979	\$251,267

During 2004 the Manistee County Road Commission initiated a Debt Service fund to service the financing of the new Manistee County Road Commission Central Facility. The bond debt repayment schedule is as follows:

Date	Payment	Interest	Principal
02/2005	\$114,844	\$114,844	
08/2005	98,438	98,438	
02/2006	98,438	98,438	
08/2006	198,438	98,438	100,000
02/2007	96,438	96,638	
08/2007	196,938	96,638	100,000
02/2008	94,888	94,888	
08/2008	194,888	94,888	100,000
02/2009	93,138	93,138	
08/2009	243,138	93,138	150,000
Next 5 years	1,874,750	824,750	1,050,000
Next 5 years	1,882,378	582,378	1,300,000
Next 5 years	1,956,228	256,228	1,700,000

The accumulated vacation and sick leave is not subject to an annual amortization calculation because it will become due and payable in varying amounts from year to year as employees terminate their employment with the Manistee County Road Commission

### J. CONTINGENT LIABILITY

The primary government has no material contingent liabilities as of the date of this report.

The Manistee Country Road Commission contracts with the State of Michigan to perform state highway maintenance functions for the State. The cost of the maintenance is then billed to the State of Michigan who reimburses the Manistee County Road Commission for the costs incurred. These costs reimbursements contract expenditures are subject to audit at some future date by the State of Michigan.

The amount, if any, of expenditures which may be disallowed by the State of Michigan cannot be determined until the State completes its annual audit of its maintenance agreement with the Manistee County Road Commission. The audit adjustment is accounted for as an adjustment of the current years expenditures.

The Manistee County Road Commission is party to various legal proceedings incidental to its operations. Certain claims, suits and complaints arising in the ordinary course of operations have been filed against the Road Commission. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or, if not so covered, are without merit or are in a very preliminary state, and it is not possible to currently assess the probability of an unfavorable outcome.

#### K. COMPENSATED ABSENCES, SICK LEAVE, VACATIONS AND ACCRUED/PREPAID SALARIES.

##### Primary Government:

Vacation and Sick Leave is earned on a monthly basis with excess sick leave available to be paid. The totals of compensated absences are computed at current wage rates and include the following:

	Sick Pay	Vacation Pay	Personal
Courthouse	\$ 86,935	\$ 64,451	\$ 31,384
Sheriff Department	41,803	26,000	10,576
911 Dispatch	0	6,202	5,727
Total	<u>\$ 131,738</u>	<u>\$ 96,653</u>	<u>\$ 47,687</u>
Medical Care Facility Compensated Absences		\$794,472	
Manistee County Library Termination Benefits		\$ 19,539	

No accruals or prepaids have been made for these salaries and wages as the net effect is minimal and the change to accrual accounting further minimizes the effect.

Employees earn one day of sick leave credit for each month of service, with a maximum accumulation of 110 days. All employees during their first year of employment earn vacation using their date of hire. After completing one year all employees accrue vacation benefits which are to be used for vacation during the next succeeding calendar year. Vacation time must be used before the end of the succeeding calendar year. Vacation time does not accumulate and the employees are not paid for days not used.

Employees must contact their immediate supervisor at least one hour prior to their scheduled shift if requesting a sick day. Employees may be required to present a doctor's release for sick leave lasting three or more days, or if a specific pattern or abuse of the sick leave policy develops.

Vacation time, with regards to the sheriff's department, shall be taken in increments of five days or less, unless other arrangements have been made in advance. Requests must be submitted to the sheriff at least 10 days prior to the requested days off. No more than one employee in each designated area can be away on vacation at one time.

Employees who quit and provide two weeks written notice are entitled to payment at their straight-time hourly rate for their accrued, but unused vacation days.

Effective January 1, 1996 all employees with an existing bank of sick time will have the option, during the term of the existing contract, of converting an employer specified number of accumulated sick time hours to cash at the discounted rate of 85% value. Also, each eligible employee will receive five annual personal days which shall not accumulate from year to year. The employer will pay in January of the following year for up to three days of unused personal time.

#### Manistee County 911/Central Dispatch

There are no compensated absences to the extent that sick pay is accrued and payable upon retirement. The total accrued and payable for employees on the Manistee County 9-1-1/Central Dispatch is \$11,930.

#### Manistee County Library

Manistee County Library accounts for accrued employee sick leave in it's long-term debt account group. As of September 30, 2005 the accrual is \$19,539.

#### Manistee County Road Commission

The total accumulated unpaid vacation and sick pay liability of the Manistee County Road Commission at September 30, 2005 was \$140,653. This amount was determined to be a long-term liability in its entirety and is therefore reflected as a non-current liability on the government-wide statements. A liability for these amounts is only reported in the governmental funds for known terminations as of year end.

County Road Commission employees earn vacation and personal leave in varying amounts depending on the number of years of service. Accumulated vacation may not exceed the total earned for any given year per the union contract. Non-union employees are also subject to the vacation provisions embodied in the union contract. Unpaid vacation and personal leave at September 30, 2005 amounted to \$49,352.

Sick leave is accumulated at the rate of one day for each month of service with accumulation not to exceed 170 days. The policy also provides that employees who separate from employment with the Road Commission will be paid for their accumulated leave up to a maximum of sixty (60) days. Unpaid sick leave at September 30, 2005 amounted to \$91,301.

Effective December 1, 1994 the above sick leave program was replaced with one which each full time employee shall be given sixty-four to seventy-two hours of short-term leave annually which may be used throughout a given fiscal year. In the first pay period of December each year all unused time shall be paid. There are no provisions to accumulate this time. The former plan is still in effect and employees will retain those benefits. Upon retirement the accumulated sick leave will be paid up to a maximum of sixty days. This liability will decrease as the years progress.

#### **L. ENCUMBRANCES**

The County does not formally record encumbrances in the accounting records.

#### **M. LITIGATION**

In connection with the normal conduct of its affairs, the County is involved in various claims and litigations. It is expected that the final resolution of these matters will not materially affect the financial statement of the County.

After field work was completed but before this report was issued, the appeal made by Tondu concerning the property tax due failed. As a result of this decision, no contingent liability is included within this report.

## N. RISK FINANCING AND RELATED INSURANCE ISSUES

### Primary Government:

The local unit is a member of the Michigan Municipal Risk Management Authority. As a member of the authority, the Local Unit is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General Liability	75,000
Auto Physical Damage	15,000 per unit
Auto Physical Damage	30,000 per occurrence
Property Coverage	100,000(after 10% to member)

### Medical Care Facility:

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Facility has purchased commercial insurance for malpractice and general liability claims, workers' compensation and employee medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Facility is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims at September 30, 2005 and September 30, 2004.

## O. FIXED ASSETS

Fixed assets for the primary government and blended units, Medical Care Facility Road Commission and 911/Central Dispatch, are listed below:

### Medical Care Facility:

Asset	Depreciable Life - Years	2004	Additions	Retirements Transfers	2005
Bldg & Imprvmnts	10-40	\$1,659,645	\$ 23,940	\$ 2,018,119	1,659,645
Equipment	5-20	879,383	88,040	112,410	879,383
Construction in Prog.		<u>2,131,849</u>	<u>0</u>	<u>-2,131,849</u>	<u>0</u>
Total cost		4,670,877	111,980	-1,320	4,781,537
Accumulated Depreciation					
Bldg & Imprvmnts		1,279,623	129,760		1,409,383
Equipment		<u>666,612</u>	<u>74,925</u>	<u>-909</u>	<u>740,628</u>
Total Accum Dep.		1,946,235	204,685	-909	2,150,011
Net Carrying amount		<u>\$2,724,642</u>			<u>\$2,631,526</u>

### Manistee County Road Commission

Asset				
Land and Improvements	\$	239,977		\$ 239,977
Buildings		1,679,823		1,679,823
Infrastructure		27,313,356		27,313,356
Equipment		6,874,370	318,667	5,684,808
Yard and Storage		<u>392,568</u>		<u>441,990</u>
		36,955,290	318,667	37,177,545

Accumulated Depreciation				
Buildings	940,035	40,652		980,687
Infrastructure	10,960,518	1,276,321		12,236,839
Equipment	5,721,961	344,518	96,412	5,684,808
Yard and Storage	392,568	49,442		441,990
	<u>18,015,082</u>	<u>1,710,913</u>	<u>96,412</u>	<u>19,629,583</u>

Net Fixed Assets                      \$ 18,940,208    (\$ 1,392,246)    \$      0    \$17,547,962

All fixed assets are based on historical cost for all assets. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Infrastructure	5 to 10 years
Equipment	10 to 30 years
Vehicles	3 to 20 years

#### 911/Central Dispatch

##### Assets:

	<u>2004</u>	<u>additions</u>	<u>deletions</u>	<u>2005</u>
Buildings	\$ 3,000	0	0	3,000
Equipment	<u>\$ 722,139</u>	<u>15,227</u>	<u>0</u>	<u>\$737,366</u>
Total	723,139	15,277	0	740,366

##### Accumulated Depreciation:

Buildings	\$ 577	77	0	654
Equipment	<u>\$ 264,906</u>	<u>75,552</u>	<u>0</u>	<u>\$340,458</u>
Total	265,483	75,629	0	341,112

#### Primary Government

Equipment	\$83,987	0	0	\$ 83,987
Vehicles	448,886	0	0	448,886
Miscellaneous	221,064	0	0	221,064
Buildings	8,644,370	0	0	8,644,370
Land	<u>59,714</u>	<u>0</u>	<u>0</u>	<u>59,714</u>
Total	\$9,458,021	0	0	9,458,021

#### Less Accumulated Depreciation for

Equipment	\$39,480	524		\$ 40,014
Vehicles	355,725	0	15,629	340,096
Miscellaneous	170,814		41,872	128,942
Buildings	2,644,837	341,125		2,985,962
Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$3,210,856	341,649	57,501	\$3,495,014

All fixed assets are based on historical cost for all assets with a cost of \$5,000 or more. The County commission passed a resolution to record all assets with values in excess of \$5,000. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

#### Manistee County Library

	<u>Balance</u> <u>10/01/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/05</u>
Leasehold Improvements	\$ 197,654	\$ 60,772	\$ 0	\$ 258,426
Furniture and fixtures	113,489	9,301	0	122,790
Computers and Technology	131,794	28,474	0	160,268
Library Books	1,589,16	121,947	28,098	1,683,009
Total	2,032,097	220,494	28,098	2,224,493
Accumulated Depreciation	1,129,211	171,239	28,098	1,272,352
Net Capital Assets	902,886	49,255		952,141

Property and equipment of the Library is depreciated using the straight line method over the following estimated useful lives:

Leasehold improvements	20 years
Books	7 years
Furniture and Fixtures	20 years
Computer and Technology	10 years

#### P. POST EMPLOYMENT BENEFITS

Primary Government:

The County does not offer post employment benefits.

The Road Commission provides post retirement health care benefits to all employees who retire from the Road Commission after July 1, 1985. For employees retiring between the ages of 55 and 65 the Road Commission will pay \$100 per month. At age 65, or if retirement occurs on or after age 65 the monthly contribution will be \$60. During 2003 the Road Commission funded approximately \$5,800 in post employment health care benefits for retired employees and 14 former employees were eligible.

#### Q. GENERAL FUND DEFERRED REVENUE

The financial statement presentation includes a General Fund deferred revenue in the amount of \$886,160. The amount is equal to one quarter (three months) of the annual taxes collected which will subsequently be expended during the final three months of the calendar year.

## R. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

PA 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the Year, the County incurred expenditures in certain budgeted funds which were in excess of the amount appropriated.

Budgeted Item	Budget Appropriation	Actual Expenditures	Variance
General Fund Transfers Out	588,277	769,049	(180,772)

The transfer out excess expenditure is primarily due to Child Care costs mandated by the court system.

All special revenue funds were not budgeted for the fiscal year and therefore not in compliance.

## S. CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2002 the County and its component units implemented the provision of Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the financial statements as a result of GASB No. 34 are as follows:

A management's discussion and analysis (MD&A) section providing analysis of the entities overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using full accrual accounting for all of the entity's activities have been provided.

Capital assets in the Statement of Net Assets include infrastructure assets (roads, bridges, etc) not previously accounted for in the Road Commission section of the report as well as other capital assets that were previously accounted for in the General Fixed Asset Account Group. In addition, the government activities column includes bonds and other long-term obligations previously reported in the General long-Term Debt Account Group.



## SUPPLEMENTAL STATEMENTS

**WILSON, WARD CPA FIRM**

P.O. Box 205  
3015 M-137  
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To the Manistee County Board  
Manistee County  
Manistee, MI

We have audited the combined financial statements of Manistee County for the year ended September 30, 2005. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the Table of Contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson Ward CPA Firm*

Interlochen, MI  
December 19, 2005

## General Fund

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budget			Variance
	Approved	Amended	Actual	Favorable
				(Unfavorable)
<b>TAXES</b>				
Current Real Property Tax	\$4,006,874	\$4,085,635	\$4,090,973	\$5,338
Commercial Forest	0	0	0	0
Delinquent Real Property Tax	436,353	436,353	343,977	(92,376)
Delinquent Personal Property Tax	10,000	10,000	0	(10,000)
Swamp Tax	16,635	16,635	16,635	0
Single Business Tax	0	0	0	0
Payment in Lieu of Taxes	70,646	70,646	75,055	4,409
Tax Reverted Lands	0	0	0	0
Convention Facilities Tax	111,531	111,531	111,968	437
Cigarette Tax	0	0	0	0
Real Estate Transfer Tax	100,000	120,045	115,733	(4,312)
Taxes Total	4,752,039	4,850,845	4,754,341	(96,504)
<b>LICENSES AND PERMITS</b>				
Trailer Fees	750	750	699	(51)
Transient License	0	0	0	0
Total Licenses & Permits	750	750	699	(51)
<b>FEDERAL GRANTS</b>				
Friend of the Court IV - D Incentive	44,738	34,521	19,191	(15,330)
Friend of the Court IV - D CRP	368,614	368,614	406,859	38,245
Prosecuting Attorney IV - D CRP	28,000	24,247	20,721	(3,526)
COPS Fast Grant Program	0	0	0	0
Forest Patrol	3,000	4,980	4,980	0
Commercial Forest	445	445	1,497	1,052
Emergency Services	35,777	56,192	53,777	(2,415)
Total Federal Grants	480,574	488,999	507,025	18,026
<b>STATE SOURCES</b>				
Circuit Judge Salary Supplement	30,635	30,635	30,635	0
Circuit Court DOC Reimbursement	12,500	5,914	5,913	(1)
Circuit Court Jury Reimbursement	2,000	2,000	5,509	3,509
District Judge Salary Supplement	27,434	27,434	27,434	0
Probate Judge Salary	94,195	94,195	94,195	0
Probate Judge Salary Supplement	45,724	45,724	45,724	0
Access Visit	10,000	10,000	5,000	(5,000)
Drunk Driving Case Flow Asst	0	10,497	423	(10,074)
Prosecuting Attorney - Victims				
Rights Reimbursements	21,500	21,500	21,091	(409)
Prosecuting Attorney DOC Reimbursement	1,000	1,000	0	(1,000)
FOC IV D Incentive	25,398	25,398	0	(25,398)
Township Liquor License	600	600	2,069	1,469
SSCENT Drug Team	30,915	25,344	25,344	0
Marine Safety	36,302	21,700	21,549	(151)
Court Funding Reimbursement	145,688	145,688	150,008	4,320
Snowmobile Safety	25,845	30,555	30,555	0
State Revenue Sharing	436,951	436,951	478,046	41,095
Total State Sources	946,687	935,135	943,495	8,360
<b>REIMBURSEMENTS FROM OTHER AGENCIES</b>				
Circuit Court Salaries	61,880	61,880	59,915	(1,965)
Circuit Court Fringes	40,935	39,003	37,834	(1,169)
Attorney Fees Reimb	10,800	6,019	5,281	(738)
Circuit Court Misc Reimb	37,310	43,973	46,350	2,377
District Court Salaries	18,290	18,290	18,290	0
District Court Fringe Benefits	2,381	2,381	12,637	10,256
Welfare Fraud Reimbursement	1,000	1,000	383	(617)
Friend of the Court Fringe Benefits	0	0	0	0
Friend of the Court Misc Reimb	21,374	21,374	50,671	29,297
Friend of the Court Appointed Council	6,000	6,000	0	(6,000)
Total Reimbursements	\$199,970	\$199,920	\$231,361	\$31,441

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED SEPTEMBER 30, 2005**

	Budget		Actual	(Unfavorable)
	Approved	Amended		
<b>CHARGES FOR SERVICES</b>				
Circuit Court Cost	\$12,000	\$12,000	\$10,855	(\$1,145)
Circuit Court Fees	14,050	14,050	12,886	(1,164)
District Court Cost	400,000	400,000	394,551	(5,449)
District Court Fines	30,000	44,362	39,734	(4,628)
District Court Fees	18,325	18,325	13,675	(4,650)
Bond Withdrawal	500	500	1,372	
Clearance Card Cost	4,070	4,070	4,268	198
Bond Cost, Bond Forfeitures	25,000	25,000	29,687	4,687
Ordinances Fines & Costs	50,000	106,978	106,977	(1)
Friend of the Court Cost	1,400	1,400	469	(931)
Friend of the Court Fees	20,100	20,100	23,748	3,648
Friend of the Court Child Support	24,000	24,000	6,403	(17,597)
Friend of the Court Fines	1,400	1,400	464	(936)
Probate Court Fees	15,000	15,669	16,151	482
Probate Court - Sale of Supplies	200	200	18	(182)
Clerks Fees	41,000	63,322	63,118	(204)
Administration Fees	102,000	108,522	123,073	14,551
Voter Registration	100	100	304	204
Prosecuting Attorney - Services	8,200	8,200	11,243	3,043
Equalization	400	629	629	0
Welfare Fraud Reimbursement	0	0	0	0
Register of Deeds - Recording Fees	215,000	215,000	219,150	4,150
County Survey & Remonumentation	400	400	414	14
Tax Certificates	1,300	1,300	1,272	(28)
Tax History	3,000	3,000	3,082	82
Inheritance Tax - Collection Fees	0	0	0	0
Purchasers Filing Fees	0	0	7	7
Sheriff's Services	26,850	26,850	30,316	3,466
Animal Control	38,200	34,325	34,325	0
Secondary Road Patrol	78,932	73,769	73,769	0
Jail	141,950	147,795	145,295	(2,500)
Planning Department - Services	28,650	40,994	40,995	1
Building & Grounds	12,756	12,674	12,674	0
<b>Total Charges for Services</b>	<b>1,314,783</b>	<b>1,424,934</b>	<b>1,420,924</b>	<b>(4,010)</b>
<b>INTEREST AND RENTALS</b>				
Interest Earned	30,000	30,000	80,070	50,070
Rents and Royalties	6,000	6,000	3,395	(2,605)
<b>Total Interest &amp; Rentals</b>	<b>36,000</b>	<b>36,000</b>	<b>83,465</b>	<b>47,465</b>
<b>OTHER REVENUES</b>				
Data Processing	82,763	85,880	85,881	1
Casino Pilt	185,806	185,806	194,762	8,956
Casino Revenue Sharing	0	30,524	28,185	
Reimbursements	3,727	1,775	1,774	(1)
Bad Check Charge	460	460	540	80
Sales of Supplies	600	518	3	(515)
Dare Golf	15,000	23,440	23,441	1
Bond Forfeitures			650	650
Forfeited Assets	0	0	2,100	2,100
Insurance Reimb	13,952	13,952	27,584	13,632
Workers Comp Div	15,000	15,000	18,893	3,893
Miscellaneous	13,014	13,014	4,270	(8,744)
<b>Total Other Revenues</b>	<b>330,322</b>	<b>370,369</b>	<b>388,083</b>	<b>20,053</b>
<b>TRANSFERS IN</b>				
Friend of the Court	0	0	4,000	4,000
Family Counseling	0	0	0	0
Dept. Cont/Surplus	0	0	0	0
Circuit Court	0	0	0	0
Public Imp Fund	0	0	0	0
Budget Stability Fund	0	0	0	0
Forestry Fund	0	0	0	0
Tax Revolving Fund	371,053	371,053	371,053	0
<b>Total Transfers In</b>	<b>371,053</b>	<b>371,053</b>	<b>375,053</b>	<b>4,000</b>
<b>TOTAL REVENUES &amp; TRANSFERS IN</b>	<b>\$8,432,178</b>	<b>\$8,678,005</b>	<b>\$8,704,446</b>	<b>\$28,780</b>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF EXPENDITURES & OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budget			Variance
	Approved	Amended	Actual	Favorable (Unfavorable)
<b>LEGISLATIVE</b>				
Board of Commissioners	\$73,107	\$86,496	\$86,496	\$0
<b>JUDICIAL</b>				
Circuit Court	633,545	648,175	648,174	1
Circuit Court - Juvenile	308,866	302,950	302,950	
District Court	440,761	448,121	448,120	1
Friend of the Court	613,344	608,158	608,158	0
Jury Commission	3,499	2,972	2,971	1
Probate Court - General	257,124	266,207	266,206	1
Total Judicial	2,257,139	2,276,583	2,276,579	4
<b>GENERAL GOVERNMENT</b>				
Elections	0	0	0	0
County Clerk	300,006	308,400	308,399	1
County Administrator	308,496	317,497	317,497	0
General Services	311,184	334,385	334,385	0
Data Processing	64,000	107,726	107,725	1
Equalization Department	287,618	298,968	298,967	1
Prosecuting Attorney	391,893	402,707	402,706	1
Register of Deeds	174,196	166,692	166,691	1
Treasurer	193,594	214,836	214,835	1
Building and Grounds	498,788	630,786	630,786	0
Plat Board	107	0	0	0
Drain Commissioner	6,523	5,959	5,959	0
DSS Board	7,090	5,147	5,146	1
Substance Abuse	476	190	189	1
Building Authority	182	74	73	1
Public Works Board	0	0	0	0
Private Industry Board	1,452	1,176	1,175	1
Revenue Sharing Board	3,727	1,775	1,774	1
Employee Insurance	0	0	0	0
Tax Allocation Board	0	0	0	0
Total General Government	2,549,332	2,796,318	2,796,307	11
<b>PUBLIC SAFETY</b>				
Sheriff	705,934	842,840	842,870	(30)
Dare	0	0	0	0
Marine Safety	57,834	43,743	43,742	1
Jail	1,125,403	1,054,735	1,054,735	0
Snowmobile Patrol	30,407	36,760	36,760	0
Emergency Services	81,783	93,151	70,093	23,058
Animal Control	88,192	88,776	88,775	1
Secondary Road Patrol	78,832	67,550	67,550	0
SSCENT Drug Team	68,832	73,789	73,789	0
Cops in Schools	142,422	23,441	23,441	0
USFS Patrol Assistance	3,000	4,885	4,884	1
COPS Fast Grant Program	0	18	17	1
K-9	68,537	58,528	58,528	0
Total Public Safety	\$2,451,176	\$2,388,216	\$2,365,184	\$23,032

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF EXPENDITURES & OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budget			Variance
	Approved	Amended	Actual	Favorable (Unfavorable)
<b>HEALTH AND WELFARE</b>				
Medical Examiner	\$60,098	\$57,810	\$57,809	\$1
Contagious Diseases	2,500	2,838	2,838	0
Veterans Burial	0	0	0	0
Veterans Counselor	32,513	32,418	32,417	1
Veterans Trust - Rent	0	0	0	0
MSU Co-operative Extension	70,591	74,850	74,850	0
MECCA	30,000	30,000	65,667	(35,667)
Health Department	140,470	140,470	140,470	0
District Health Dept - Rent	65,746	65,746	65,746	0
Jaws of Life Team	0	0	0	0
Mental Health	165,000	165,000	165,000	0
Substance Abuse	55,766	55,766	55,984	(218)
Conservation Resource Alliance	500	500	500	0
Soil Conservation	7,000	7,000	7,000	0
Area Agency on Aging	4,064	4,064	4,064	0
HSCB	0	0	0	0
Northwest Commission	4,174	4,174	4,174	0
Planning	146,591	129,094	129,094	0
<b>Total Health and Welfare</b>	<b>785,013</b>	<b>769,730</b>	<b>805,613</b>	<b>(35,883)</b>
<b>CULTURAL AND RECREATION</b>				
Airport Authority	0	0	0	0
Agricultural Fair	10,000	10,000	10,000	0
Manistee Recreation Association	2,750	2,750	2,750	0
Historical Museum	0	0	0	0
<b>Total Education &amp; Recreation</b>	<b>12,750</b>	<b>12,750</b>	<b>12,750</b>	<b>0</b>
<b>OTHER</b>				
Visioning Project	5,000	5,000	2,000	3,000
Budget Stabilization	0	60,129	84,400	(24,271)
Economic Development	52,667	32,910	0	32,910
Insurance and Bonds	235,070	239,001	239,001	0
<b>Total Other Charges</b>	<b>292,737</b>	<b>337,040</b>	<b>325,401</b>	<b>11,639</b>
<b>TOTAL EXPENDITURES</b>	<b>8,421,254</b>	<b>8,667,133</b>	<b>8,658,207</b>	<b>8,926</b>

The footnotes are an integral part of these Financial Statements.

## Special Revenue Funds



**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2005**

	Friend of the Court	Law Library	Remonument	Family Counseling Service	Budget Stabilization	WMD Homeland Security	Computer Lease/ Purchase	Economic Development Revolving	Economic Development Housing	Family Independence Agency	Law Enforcement Training	LEPC Emergency Services
Cash	\$17,708	\$2,307	\$3,074	\$12,469	\$238,637	\$6,365	\$144,222	\$0	(\$10,392)	\$35,358	(\$10,486)	\$1,517
Accounts Receivable	0	0	40,176	0	0	7,995	16,619	0	17,207	53,000	14,267	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	17,708	2,307	43,250	12,469	238,637	14,360	160,841	0	6,815	88,358	3,781	1,517

**LIABILITIES & FUND BALANCE**

Liabilities												
Accounts Payable	0	2,307	0	0	0	0	0	0	479		2,555	0
Due to State of Michigan	0	0	0	0	0	0	0	0	0	53,000	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Liabilities												
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	2,307	0	0	0	0	0	0	479	53,000	2,555	0
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved												
Unreserved	17,708	0	43,250	12,469	238,637	14,360	160,841	0	6,336	35,358	1,226	1,517
Total Fund Balance	17,708	0	43,250	12,469	238,637	14,360	160,841	0	6,336	35,358	1,226	1,517
Total Liabilities and Fund Balance	\$17,708	\$2,307	\$43,250	\$12,469	\$238,637	\$14,360	\$160,841	\$0	\$6,815	\$88,358	\$3,781	\$1,517

**MANISTEE COUNTY, MICHIGAN**  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2005

**ASSETS**

	Animal Shelter	Juvenile Justice	County Forestry	Air Photo	Drug Testing	Juvenile Intervent Strategy	Soldiers & Sailors Relief	Public Improvement	Sheriff Department	Forfeited Assets	Child Care Fund	Capital Improvement	Veterans Trust
Cash	\$411	(\$10,305)	\$2,651	\$23,980	(\$12,899)	\$16,254	\$25,680	\$54,689	\$0		\$77,578	\$137,667	\$730
Accounts Receivable	0	10,305	0	0	0	156	0	0	0		26,006	62,057	0
Due from other Funds	0	0	0	0	0	0	0	0	0		0	0	0
Other Assets	0	0	0	0	13,389	0	0	0	3,146		0	0	0
Total Assets	411	0	2,651	23,980	490	16,410	25,680	54,689	3,146		103,584	199,724	730

**LIABILITIES & FUND BALANCE**

Liabilities													
Accounts Payable	0	0	0	0	490	258	0	1,250	0		19,835	(796)	0
Due to State of Michigan	0	0	0	0	0	0	0	0	0		0	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0		0	0	0
Compensated Absences	0	0	0	0	0	0	0	0	0		0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0		0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0		0	0	0
Total Liabilities	0	0	0	0	490	258	0	1,250	0		19,835	(796)	0
Fund Balance													
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0		0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0		0	0	0
Unreserved	411	0	2,651	23,980	0	16,152	25,680	53,439	3,146		83,749	200,520	730
Total Fund Balance	411	0	2,651	23,980	0	16,152	25,680	53,439	3,146		83,749	200,520	730
Total Liabilities and Fund Balance	\$411	\$0	\$2,651	\$23,980	\$490	\$16,410	\$25,680	\$54,689	\$3,146		\$103,584	\$199,724	\$730

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2005

	Dive Equipment Fund	County Employee Training	Sheriff's K-9 Unit	911/Central Dispatch	Department Surplus	Juvenile Accountable Fund	Drunk Driving Caselaw Assist	JJTPA GRANT	Community Parenting	Community Corrections	Elections	Law Enforcement Technology
<b>ASSETS</b>												
Cash	\$237	\$26,009	\$0	\$705,877	77,481	\$2,198	\$4,214	\$1,779	\$0	(\$88,516)	\$46,995	\$30,913
Accounts Receivable	0	0	0	0	0	3,352	0	0	0	0	0	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0	0	141,541	0	0
<b>Total Assets</b>	<b>237</b>	<b>26,009</b>	<b>0</b>	<b>705,877</b>	<b>77,481</b>	<b>5,550</b>	<b>4,214</b>	<b>1,779</b>	<b>0</b>	<b>53,025</b>	<b>46,995</b>	<b>30,913</b>
<b>LIABILITIES &amp; FUND BALANCE</b>												
<b>Liabilities</b>												
Accounts Payable	0	1,009	0	15,284	0	0	0	0	0	1,273	0	0
Due to State of Michigan	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>1,009</b>	<b>0</b>	<b>15,284</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,273</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved	237	25,000	0	690,593	77,481	5,550	4,214	1,779	0	51,752	46,995	30,913
<b>Total Fund Balance</b>	<b>237</b>	<b>25,000</b>	<b>0</b>	<b>690,593</b>	<b>77,481</b>	<b>5,550</b>	<b>4,214</b>	<b>1,779</b>	<b>0</b>	<b>51,752</b>	<b>46,995</b>	<b>30,913</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$237</b>	<b>\$26,009</b>	<b>\$0</b>	<b>\$705,877</b>	<b>\$77,481</b>	<b>\$5,550</b>	<b>\$4,214</b>	<b>\$1,779</b>	<b>\$0</b>	<b>\$53,025</b>	<b>\$46,995</b>	<b>\$30,913</b>

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2005

<b>ASSETS</b>											
	District Court Services Fund	Automation Register Deed Fund	MSHDA Maxwelltown Grant	F.I.A. Benzie Co. Fund	Juvenile Outreach Fund	Non-Secure Detention Fund	Brownfield Redevelopment Authority	Juvenile Drug Court	Manistee County Library	Blacker Airport Authority	Total 2005
Cash	\$25,625	\$106,490	\$0	\$23,460	\$0	\$54	\$1,200	(\$8,526)	\$418,114	\$39,521	\$2,170,340
Accounts Receivable	22,928	0	0	0	0	3	0	13,856	24,865	52,574	365,366
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0	0	0	0
Total Assets	48,553	106,490	0	23,460	0	57	1,200	5,330	442,979	92,095	2,693,782
<b>LIABILITIES &amp; FUND BALANCE</b>											
<b>Liabilities</b>											
Accounts Payable	1,151	0	0	0	0	0	0	2,092	95,783	21,186	164,156
Due to State of Michigan	0	0	0	0	0	0	0	0	0	0	53,000
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	250
Accrued Liabilities	0	0	0	0	0	0	0	0	199,877	0	199,877
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0
Obligations Under Capital Lease	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	1,151	0	0	0	0	0	0	2,092	295,660	21,436	417,283
<b>Fund Balance</b>											
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	104,121	0	104,121
Unreserved	47,402	106,490	0	23,460	0	57	1,200	3,238	43,198	70,659	2,172,378
Total Fund Balance	47,402	106,490	0	23,460	0	57	1,200	3,238	147,319	70,659	2,276,499
Total Liabilities and Fund Balance	\$48,553	\$106,490	\$0	\$23,460	\$0	\$57	\$1,200	\$5,330	\$442,979	\$92,095	\$2,693,782

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Friend of the Court	Law Library	Remuneration	Family Counseling Service	Budget Stabilization	WMD Homeland Security	Computer Lease/ Purchase	Economic Development Revolving	Economic Development Housing	Law Enforcement Training	Family Independence Agency	LEPC Emergency Services
<b>REVENUES</b>												
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	61,512	0	0	0	0	0	0
State	0	0	47,762	0	0	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0	0	180,331	0	215,412	0
Fines & Forfeits	0	7,000	0	0	0	0	0	0	15,170	0	0	0
Interest & Rental	0	0	0	0	0	0	0	0	0	0	0	0
Other	3,668	0	0	2,505	0	0	62,239	0	0	26,988	0	1,500
<b>Total Revenues</b>	<b>3,668</b>	<b>7,000</b>	<b>47,762</b>	<b>2,505</b>	<b>0</b>	<b>61,512</b>	<b>62,239</b>	<b>0</b>	<b>195,501</b>	<b>26,988</b>	<b>215,412</b>	<b>1,500</b>
<b>EXPENDITURES</b>												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	23,394	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	34,241	28,946	0	0	47,152	93,621	0	189,174	31,342	223,048	0
Debt Payments:												
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>34,241</b>	<b>28,946</b>	<b>0</b>	<b>0</b>	<b>47,152</b>	<b>117,015</b>	<b>0</b>	<b>189,174</b>	<b>31,342</b>	<b>223,048</b>	<b>0</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>3,668</b>	<b>(27,241)</b>	<b>18,816</b>	<b>2,505</b>	<b>0</b>	<b>14,360</b>	<b>(54,776)</b>	<b>0</b>	<b>6,327</b>	<b>(4,354)</b>	<b>(7,636)</b>	<b>1,500</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating Transfers In	0	27,241	750	0	60,129	0	90,383	0	0	0	0	0
Operating Transfers Out	0	0	(750)	(4,000)	0	0	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>27,241</b>	<b>0</b>	<b>(4,000)</b>	<b>60,129</b>	<b>0</b>	<b>90,383</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues &amp; Other Sources over Expenditures and Other Uses</b>	<b>3,668</b>	<b>0</b>	<b>18,816</b>	<b>(1,495)</b>	<b>60,129</b>	<b>14,360</b>	<b>35,607</b>	<b>0</b>	<b>6,327</b>	<b>(4,354)</b>	<b>(7,636)</b>	<b>1,500</b>
<b>Fund Balance, October 1, 2004</b>	<b>14,040</b>	<b>0</b>	<b>24,434</b>	<b>13,964</b>	<b>178,508</b>	<b>0</b>	<b>125,234</b>	<b>0</b>	<b>9</b>	<b>5,580</b>	<b>42,994</b>	<b>17</b>
<b>Prior Period Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance, September 30, 2005</b>	<b>\$17,708</b>	<b>\$0</b>	<b>\$43,250</b>	<b>\$12,469</b>	<b>\$238,637</b>	<b>\$14,360</b>	<b>\$160,841</b>	<b>\$0</b>	<b>\$6,336</b>	<b>\$1,226</b>	<b>\$35,358</b>	<b>\$1,517</b>

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

		Animal Shelter	Juvenile Justice	County Forestry	Air Photo	Drug Testing	Juvenile Intervent Strategy	Soldiers & Sailors Relief	Public Improvement	Forfeited Assets Sheriff Dept	Capital Improvement	Child Care Fund	Veterans Trust
<b>REVENUES</b>													
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	0	0	0	0	0
Slate	0	15,000	0	0	0	0	25,544	0	0	0	0	86,272	0
Local	0	0	0	0	0	0	494	0	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	5	0	6,183	7,517	11,953	0	0	0	0	54	37,626	60,370	555
Total Revenues	5	15,000	6,183	7,517	11,953	26,038	0	0	0	54	37,626	146,642	555
<b>EXPENDITURES</b>													
Current	0	0	0	0	0	0	0	0	0	0	0	0	0
Judicial	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	15,000	7,290	0	12,453	24,531	0	94,456	0	0	77,373	215,269	780
Debt Payments:	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	0	15,000	7,290	0	12,453	24,531	0	94,456	0	0	77,373	215,269	780
Excess (Deficiency) of Revenue Over Expenditures	5	0	(1,107)	7,517	(500)	1,507	0	(94,456)	54	(39,747)	(68,627)	(225)	(225)
<b>OTHER FINANCING SOURCES (USES)</b>													
Operating Transfers In	0	0	0	0	500	2,572	0	41,000	0	0	140,000	150,000	0
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	500	2,572	0	41,000	0	0	140,000	150,000	0
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	5	0	(1,107)	7,517	0	4,079	0	(53,456)	54	100,253	81,373	(225)	(225)
Fund Balance, October 1, 2004	406	0	3,758	16,463	0	12,073	25,680	106,895	3,092	100,267	2,376	955	955
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2005	\$411	\$0	\$2,651	\$23,980	\$0	\$16,152	\$25,680	\$53,439	\$3,146	\$200,520	\$83,749	\$730	\$730

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Dive Equipment Fund	County Employee Training	Sheriff's K-9 Unit	911/Central Dispatch	Department Surplus	Juvenile Accountable Fund	Caseflow Assist	JTTP GRANT	Community Parenting	Community Corrections	Elections	Law Enforcement Technology
<b>REVENUES</b>												
Property Taxes	\$0	\$0	\$0	\$683,834	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	0	0	0	0
State	0	0	0	0	0	10,405	10,497	4,022	0	0	0	13,500
Local	0	0	0	0	0	0	0	0	0	78,081	0	0
Fines & Forfeits	0	0	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	10,652	0	0	0	0	0	0	0	0
Other	0	1,410	0	75,743	6,521	0	0	0	0	8,299	0	1,373
<b>Total Revenues</b>	0	1,410	0	770,229	6,521	10,405	10,497	4,022	0	86,380	0	14,873
<b>EXPENDITURES</b>												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	2,243	0	0	0	0
Other	99	8,673	0	840,933	0	9,412	0	0	0	74,208	39,674	9,383
Debt Payments:												
Principal	0	0	0	45,000	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	8,003	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	99	8,673	0	893,936	0	9,412	0	2,243	0	74,208	39,674	9,383
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(99)	(7,263)	0	(123,707)	6,521	993	10,497	1,779	0	12,172	(39,674)	5,490
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating Transfers In	0	27,646	0	0	0	0	0	0	0	0	35,000	0
Operating Transfers Out	0	0	0	0	0	0	(10,500)	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	0	27,646	0	0	0	0	(10,500)	0	0	0	35,000	0
<b>Excess (Deficiency) of Revenues &amp; Other Sources over Expenditures and Other Uses</b>	(99)	20,383	0	(123,707)	6,521	993	(3)	1,779	0	12,172	(4,674)	5,490
<b>Fund Balance, October 1, 2004</b>	336	4,617	0	814,300	70,960	4,557	4,217	0	0	39,580	51,669	25,423
<b>Prior Period Adjustments</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Fund Balance, September 30, 2005</b>	\$237	\$25,000	\$0	\$690,593	\$77,481	\$5,550	\$4,214	\$1,779	\$0	\$51,752	\$46,995	\$30,913

The footnotes are an integral part of these financial statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

REVENUES	District Court Services Fund	Automation Register Deed Fund	MSHDA Maxwelltown Grant	F.I.A. Benzie Co. Fund	Juvenile Outreach Fund	Non-Secure Detention Fund	Brownfield Redevelopmen Authority	Juvenile Drug Court	Manistee County Library	Blacker Airport Authority	Total 2005
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$855,033		\$1,538,867
Licenses & Permits	0	0	0	0	0	0	0	0			0
Federal	0	0	47,681	0	0	0	0	0			109,193
State	0	0	0	0	0	0	0	44,973	27,728		681,446
Local	0	0	0	26,049	0	45	0	18,349			138,188
Fines & Forfeits	0	0	0	0	0	0	0	0	341,782		348,782
Interest & Rental	0	0	0	0	0	0	0	0	13,984		24,636
Other	76,216	49,818	0	10,000	0	0	600	0	85,624	274,281	811,048
<b>Total Revenues</b>	<b>76,216</b>	<b>49,818</b>	<b>47,681</b>	<b>36,049</b>	<b>0</b>	<b>45</b>	<b>600</b>	<b>63,322</b>	<b>1,324,151</b>	<b>274,281</b>	<b>3,652,160</b>
<b>EXPENDITURES</b>											
Current											
Judicial	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	23,394
Health & Welfare	0	0	0	0	0	0	0	0	0	0	225,291
Other	76,805	14,594	51,735	25,886	0	0	0	69,452	1,342,931	227,138	3,662,551
Debt Payments:											0
Principal	0	0	0	0	0	0	0	0	0	0	45,000
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	8,003
<b>Total Expenditures</b>	<b>76,805</b>	<b>14,594</b>	<b>51,735</b>	<b>25,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,452</b>	<b>1,342,931</b>	<b>227,138</b>	<b>3,964,239</b>
Excess (Deficiency) of Revenue Over Expenditures	(589)	35,224	(4,054)	10,163	0	45	600	(6,130)	(18,780)	47,143	(312,079)
<b>OTHER FINANCING SOURCES (USES)</b>											
Operating Transfers In		0	0	0	0	0	0	0	0	0	575,221
Operating Transfers Out	0	0	0	0	(2,518)	0	0	0	0	0	(17,768)
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,518)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>557,453</b>
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(589)	35,224	(4,054)	10,163	(2,518)	45	600	(6,130)	(18,780)	47,143	245,374
Fund Balance, October 1, 2004	47,991	71,266	4,054	13,297	2,518	12	600	9,368	166,099	23,516	2,031,125
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0
<b>Fund Balance, September 30, 2005</b>	<b>\$47,402</b>	<b>\$106,490</b>	<b>\$0</b>	<b>\$23,460</b>	<b>\$0</b>	<b>\$57</b>	<b>\$1,200</b>	<b>\$3,238</b>	<b>\$147,319</b>	<b>\$70,659</b>	<b>\$2,276,499</b>

The footnotes are an integral part of these financial statements.



# Enterprise Funds

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2005**

	Medical Care Facility	Total
<b>ASSETS</b>		
Cash	\$261,618	\$261,618
Accounts Receivable	908,953	908,953
Assets Limited as to Use	1,134,069	1,134,069
Property and Equipment	2,631,526	2,631,526
Prepaid Insurance	0	0
Inventories	39,617	39,617
Other Assets	237,667	237,667
Total Assets	<u>5,213,450</u>	<u>5,213,450</u>
<b>LIABILITIES &amp; FUND EQUITY</b>		
Accounts Payable	186,516	186,516
Compensated Absences	794,472	794,472
Salaries and Related Liabilities	180,204	180,204
Maintenance of Effort	0	0
Due to Other Local Units	0	0
Other Current Liabilities	11,089	11,089
Third-party settlements	305,257	305,257
Deferred Revenue	0	0
Total Liabilities	1,477,538	1,477,538
Fund Equity		
Retained Earnings	3,735,912	3,735,912
Total Liabilities & Fund Equity	<u>\$5,213,450</u>	<u>\$5,213,450</u>

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2005**

	Medical Care Facility	Total
OPERATING REVENUES		
Charges for Services	\$7,542,927	\$7,542,927
Shared Revenue	157,873	157,873
Other Revenue	358,692	358,692
Total Operating Revenue	8,059,492	8,059,492
OPERATING EXPENSES		
Employee Salaries	4,570,432	4,570,432
Other	3,485,426	3,485,426
Total Operating Expenses	8,055,858	8,055,858
OPERATING INCOME (LOSS)	3,634	3,634
NON-OPERATING REVENUES(EXPENSE)		
Other Income	23,848	23,848
Prior Year Third-party Settlement Adjustments	(50,946)	(50,946)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(27,098)	(27,098)
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	185,093	185,093
Operating Transfers Out	0	
Total Other Financing Sources (Uses)	185,093	185,093
NET INCOME (LOSS)	161,629	161,629
RETAINED EARNINGS, BEGINNING	3,574,283	3,574,283
RETAINED EARNINGS, ENDING	\$3,735,912	\$3,735,912

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2005**

	Medical Care Facility	Total
<b>OPERATING ACTIVITIES</b>		
Cash received from residents and third-party payors	\$7,316,704	\$7,316,704
Cash paid to employees and suppliers	(7,746,616)	(7,746,616)
Proportionate share receipts	157,873	157,873
Other operating receipts	358,692	358,692
	<hr/>	<hr/>
Operating Activities	86,653	86,653
<b>NON-CAPITAL FINANCING ACTIVITIES</b>		
Contributions (withdrawals)	167,907	167,907
Net Cash Provided for by Non-Financing Activities	<hr/>	<hr/>
	167,907	167,907
<b>INVESTING ACTIVITIES</b>		
Interest Received	23,848	23,848
Sale (purchase) of assets limited as to use	56,910	56,910
Deposits to Deferred Compensation Plan	0	0
	<hr/>	<hr/>
Net Cash Provided By (Used In) Investing Activities	80,758	80,758
<b>FINANCING ACTIVITIES</b>		
Proceeds from local Grant	0	0
Purchase of Property and Equipment	(111,980)	(111,980)
	<hr/>	<hr/>
Net Cash Provided By (Used In) Financing Activities	(111,980)	(111,980)
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<hr/>	<hr/>
	223,338	223,338
<b>Cash &amp; Cash Equivalents, Oct. 1</b>	<hr/>	<hr/>
	38,280	38,280
<b>Cash &amp; Cash Equivalents, Sept. 30</b>	<hr/>	<hr/>
	\$261,618	\$261,618

## Debt Service Funds

**MANISTEE COUNTY, MICHIGAN**  
**BALANCE SHEET**  
**COMBINED DEBT SERVICE FUND**  
**SEPTEMBER 30, 2005**

	Building Authority Debt	Jail Building Bond	Combined Debt Service Funds
<b>ASSETS</b>			
Cash	\$3,904	\$85,012	\$88,916
Taxes Receivable	0	73,470	73,470
<b>TOTAL ASSETS</b>	<u>\$3,904</u>	<u>\$158,482</u>	<u>\$162,386</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Notes Payable	\$0	\$4,294	\$4,294
Deferred Revenue	0	73,470	73,470
<b>Fund Balance</b>	<u>3,904</u>	<u>80,718</u>	<u>84,622</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$3,904</u>	<u>\$158,482</u>	<u>\$162,386</u>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE**  
**COMBINED DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Building Authority Debt	Jail Building Bond	Combined Debt Service Funds
<b>REVENUES</b>			
Revenue Tax	\$0	\$104,049	\$104,049
Interest	0	0	0
Other Revenue	0	0	0
	0	104,049	104,049
<b>EXPENDITURES</b>			
Principle	67,000	80,000	147,000
Interest	119,275	8,834	128,109
Other	650	8,834	9,484
Total Expenditures	186,925	97,668	284,593
Excess (Deficiency) of Revenue Over Expenditures	(186,925)	6,381	(180,544)
<b>Other Financing Sources (Uses)</b>			
Proceeds from financing	0	0	0
Operating Transfers In	186,275	3,797	190,072
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	186,275	3,797	190,072
Excess (Deficiency) of Revenue Over Expenditures & Sources Over Expenditures and Other Uses	-650	10,178	9,528
Fund Balance, October 1	4,554	70,540	75,094
Fund Balance, September 30	\$3,904	\$80,718	\$84,622

The footnotes are an integral part of these Financial Statements.

## Capital Project Funds



**MANISTEE COUNTY, MICHIGAN**  
**BALANCE SHEET**  
**CAPITAL PROJECT FUND**  
**SEPTEMBER 30, 2005**

	Building Authority Construction	Jail Expansion Construction	Total
<b>ASSETS</b>			
Cash	\$6,779	\$6,557	\$13,336
Work In Process	0		0
Taxes Receivable		0	0
<b>Total Assets</b>	<u>6,779</u>	<u>6,557</u>	<u>13,336</u>
<b>LIABILITIES &amp; FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts Payable	1,900	0	1,900
Deferred Revenue	0	0	0
Interest Payable	0	0	0
<b>Total Liabilities</b>	<u>1,900</u>	<u>0</u>	<u>1,900</u>
<b>Fund Balance</b>			
Unreserved	<u>4,879</u>	<u>6,557</u>	<u>11,436</u>
<b>Total Liabilities &amp; Fund Equity</b>	<u>\$6,779</u>	<u>\$6,557</u>	<u>\$13,336</u>

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE**  
**CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Building Authority Dept	Jail Expansion Project	Total
<b>REVENUES</b>			
Taxes	\$0	\$0	\$0
Grant	0		0
Interest	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>			
Payment on Installment Purchase	0	70,317	70,317
Capital Outlay	0	0	0
Miscellaneous Expense	0	4,180	4,180
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>0</b>	<b>(74,497)</b>	<b>(74,497)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Debt	0	0	0
Operating Transfers In	0	74,497	74,497
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>74,497</b>	<b>74,497</b>
<b>Excess (Deficiency) of Revenue Over Expenditures and Other Sources Over Expenditures and Other Uses</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance, October 1</b>	<b>4,879</b>	<b>6,557</b>	<b>11,436</b>
<b>Fund Balance, September 30</b>	<b>\$4,879</b>	<b>\$6,557</b>	<b>\$11,436</b>

The footnotes are an integral part of these Financial Statements.

# FEDERAL FINANCIAL ASSISTANCE

**MANISTEE COUNTY, MICHIGAN  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

FEDERAL GRANTOR Pass Through Grantor Program Title	CFDA No	Accounts Receivable	Current Revenue	Current Expenditures	Accounts Receivable
<b>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>					
Michigan Family Independence Agency					
Friend of the Court Co-operative					
04		\$133,225	\$133,225	\$0	\$0
05		0	297,666	406,859	109,193
Total	93,563	133,225	430,891	406,859	109,193
Prosecuting Attorney Co-operative					
04		3,728	3,728	0	0
05		0	13,322	20,721	7,399
Total	93,563	3,728	17,050	20,721	7,399
Title IV-D Incentive Program					
04		8,524	8,524	0	0
05		0	42,757	51,281	8,524
Total		8,524	51,281	51,281	8,524
IV-D Medical Support					
04		2,223	2,223	0	0
05		0	6,402	6,402	0
Total		2,223	8,625	6,402	0
Total Family Independence Agency		147,700	507,847	485,263	125,116
<b>FEDERAL EMERGENCY MANAGEMENT</b>					
Michigan Dept of State Police					
Emergency Services Program					
04	83,530	6,289	6,289	0	0
05			47,488	47,488	
Total Federal Emergency Management		6,289	53,777	47,488	0
<b>DEPARTMENT OF TRANSPORTATION</b>					
Michigan State Police					
Secondary Road Patrol					
04		26,010	26,010	0	0
05		0	46,883	73,769	26,886
Total Department of Transportation	20,600	26,010	72,893	73,769	26,886
<b>US DEPARTMENT OF JUSTICE</b>					
Michigan State Police					
Weapons of Mass Destruction					
Terrorism Prevention					
05	16,010	0	41,518	41,518	0
05		0	19,995	19,995	0
SSCENT					
04		10,424	10,424		
05		0	22,806	25,344	2,538
Total SSCENT	16,580	10,424	33,230	25,344	2,538
Total Department of Justice		10,424	53,225	45,339	2,538
Total Michigan State Police		42,723	179,895	166,596	29,424

The footnotes are an integral part of these Financial Statements.

**MANISTEE COUNTY, MICHIGAN**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

FEDERAL GRANTOR Pass Through Grantor Program Title	CFDA No	Accounts Receivable	Current Revenue	Current Expenditures	Accounts Receivable
FEDERAL TRANSPORTATION SECURITY					
Michigan State Police					
Airport Security					
03-04		4,668	4,668	0	0
04-05		0	4,808	19,075	14,267
Total		4,668	9,476	19,075	14,267
Department of Housing and Urban Development					
Michigan State Housing Development Authority					
Community Development Block Grant					
04 *	14.228	27,344	27,344		
05			171,967	189,174	17,207
HOME					
04 *		39,546	39,546	0	0
05		0	51,735	51,735	0
Total	14.239	39,546	91,281	51,735	0
Total Department of Housing and Urban Dev		66,890	118,625	51,735	0
US Department of Agriculture					
Commercial Forest	10.670		1,497	1,497	
US Forest Service Patrol Assistance			4,980	4,980	
05					
Total US Department of Agriculture		0	6,477	6,477	0
TOTAL FEDERAL FINANCIAL ASSISTANCE		261,981	822,320	729,146	168,807

\* A portion of the AR for Home was for the Community Block Grant and has been corrected in this report.

The footnotes are an integral part of these Financial Statements.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issues:	Unqualified
Internal Control over financial reporting:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material	No
Noncompliance material to financial statements noted	No

#### Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of circular A-133	No

#### Identification of Major Programs

##### CFDA Number

93.563

##### Name of Federal Program

Friend of the Court Cooperative  
Prosecuting Attorney Cooperative  
Title IV-D Incentive Program  
Community Development Block Grant

14.228

Dollar threshold used to distinguish Type A and Type B programs	\$500,000
Auditee qualified as low-risk auditee	Yes

### Section II - Financial Statement Findings

None

### Section III - Federal Award Findings and Questioned Costs

No matters were reported